

REFERENCE TITLE: state trust land lease renewal

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SB 1554

Introduced by
Senator Flake

AN ACT

AMENDING SECTION 37-291, ARIZONA REVISED STATUTES; RELATING TO STATE TRUST LAND LEASES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 37-291, Arizona Revised Statutes, is amended to
3 read:

37-291. Preferred right to renewal of lease: exceptions: notification

A. Upon application to the state land department not less than thirty days nor more than one year before the expiration of a lease of state lands, the lessee, if he A LESSEE WHO is a bona fide resident of the state or legally authorized to transact business in this state, shall have HAS a preferred right to renewal TO RENEW THE LEASE, bearing even date with the expiration of the old lease, for a term not longer than ten years, as determined by the department, at a reappraised rental. IF THE LESSEE HAS SUBSTANTIALLY COMPLIED WITH THE TERMS OF THE LEASE, THE LEASE SHALL BE RENEWED WITHOUT APPLICATION UNLESS AT LEAST THIRTY DAYS BUT NOT MORE THAN ONE YEAR BEFORE THE EXPIRATION OF THE LEASE, THE LESSEE NOTIFIES THE COMMISSIONER OF THE LESSEE'S INTENTION NOT TO RENEW THE LEASE.

B. The preferred right of renewal shall not extend to a lessee who has not substantially complied with the terms of ~~his~~ THE lease or who has not placed the land to the use prescribed in the lease during its term or within the time prescribed, unless for good cause the failure to perform was given written authorization by the department. If the department determines the continued leasing of the land is not in the best interest of the state trust, the lease shall not be renewed.

C. Not later than ninety days before the expiration of a lease TERM, the department shall:

1. Notify the lessee by mail of the pending expiration, ~~enclosing an application to renew the lease~~. IF THE COMMISSIONER FINDS THAT THE LESSEE HAS FAILED TO SUBSTANTIALLY COMPLY WITH THE TERMS OF THE LEASE, THE COMMISSIONER SHALL ALSO INCLUDE A NOTICE OF THAT FINDING AND THAT THE LEASE WILL EXPIRE UNLESS THE LESSEE APPLIES FOR RENEWAL AND CORRECTS THE DEFICIENCY.

2. Send a copy of the notice to any parties who have registered with the department as mortgagees or other lienholders of the lessee's interest by certified mail, return receipt requested.

Sec. 2. Existing state trust land leases pending renewal

For any lease of state trust lands that is pending renewal on the effective date of this act:

1. If all of the conditions, terms and requirements for renewal have been met, there is a presumption that the lease will be renewed without reapplication or application for a new lease. The state land commissioner has the burden of demonstrating cause for terminating the lease.

2. If the commissioner fails to terminate or deny renewal of the lease for cause on or before June 30, 2008, the lease is considered to be renewed by operation of law for a full term beginning on that date.